EXHIBIT 5

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GALLEON S.A., BACARDI-MARTINI U.S.A., INC., and BACARDI & COMPANY LIMITED, *Petitioners*, v. HAVANA CLUB HOLDING, S.A., dba HCH, S.A., and EMPRESA CUBANA EXPORTADOR DE ALIMENTOS Y PRODUCTOS VARIOS, S.A., dba CUBAEXPORT, joined as a defendant, *Respondents*.	Cancellation No. 24,108 (Re: U.S. Reg. No. 1,031,651)

RESPONDENT HAVANA CLUB HOLDINGS, S.A.'S MEMORANDUM OF LAW IN OPPOSITION TO PETITIONERS' MOTION FOR SUMMARY JUDGMENT

Respondent Havana Club Holdings, S.A. ("HCH"), through its undersigned counsel, respectfully submits this memorandum of law in opposition to the motion for summary judgment filed on March 15, 2002 by petitioners Bacardi & Company Ltd., formerly Galleon S.A., and Bacardi U.S.A., Inc., formerly Bacardi-Martini U.S.A., Inc. (collectively, "Bacardi").

Although Bacardi's motion for summary judgment is completely lacking in merit for all the reasons addressed below, we are constrained to urge that the first order of business for the Board in this proceeding must necessarily be not Bacardi's summary judgment motion, but the pending motions by respondent Empresa Cubana Exportadora de Alimentos y Productos Varios, S.A. ("Cubaexport") for (a) dismissal under the Government in the Sunshine Act of this cancellation proceeding because of Bacardi's ex parte communications, or in the alternative (b)

for an order directing Bacardi to show cause why its amended petition should not be dismissed and compelling disclosure of all ex parte communications, and (c) suspending all proceedings pending resolution of the application for relief under the Government in the Sunshine Act, and by HCH (for reconsideration of its own motion under the Government in the Sunshine Act).

Preliminary Statement

Bacardi's motion for summary judgment is predicated in its entirety on the argument that U.S. trademark registration No. 1,031,651 (the "Havana Club Registration"), issued on January 27, 1976, should be canceled because it was renewed during the 1996 renewal period by respondent HCH rather than by respondent Cubaexport. *See* Bacardi's opening brief ("Bacardi Br.") at 9-15. The motion must be denied as a matter of law because wrong-party renewal is not a ground for cancellation under Section 14(3) of the Lanham Act, which governs this proceeding because the Havana Club Registration was more than five years old at the time this proceeding was commenced.

At the time of the 1996 renewal, HCH was the owner of the Havana Club Registration, and hence was the proper renewal applicant, from the perspective of all concerned, including (a) Cubaexport and HCH, both of which then reasonably believed that the prior worldwide sale of the Havana Club business, including assignments of the Havana Club Registration, from Cubaexport to an entity named Havana Rum & Liquours, S.A. ("HRL") and then from HRL to HCH, had been legally effective, (b) the Office of Foreign Assets Control of the Department of the Treasury ("OFAC"), which had granted a license then in effect which specifically had authorized and ratified such assignments notwithstanding the Cuban embargo, and (c) the Patent and Trademark Office ("PTO"), which had accepted recordation of the assignments of the registration from Cubaexport to HRL and from HRL to HCH, and which thereafter processed

and accepted without question the renewal papers filed by HCH. HCH and Cubaexport at all relevant times have acted reasonably and in good faith, and have sought to preserve the Havana Club Registration and corresponding rights in the United States. Cancellation of the Havana Club Registration under these circumstances therefore would not only be contrary to law, but wholly inequitable as well.

Statement of Relevant Fact

A. The Havana Club Registration is Registered by Cubaexport and Transferred to HCH

Cubaexport and/or HCH at all times since 1973 have distributed Cuban-produced rum branded under the Havana Club trademark throughout the world, but not in the United States. *See Havana Club Holding, S.A. v. Galleon S.A.*, 974 F. Supp. 302, 305 (S.D.N.Y. 1997).[1] They have not made use of the mark in the United States solely due to restrictions imposed by the Cuban embargo. *Id.* Cubaexport and/or HCH at all times since 1973 have intended to sell their Havana Club rum in the United States as soon as it is legally possible to do so. *Id.* Toward that end, Cubaexport obtained the Havana Club Registration, and Cubaexport, HRL and HCH at all relevant times have intended to preserve it.

The PTO issued the Havana Club Registration to Cubaexport on January 27, 1976. *Havana Club Holding*, 974 F. Supp. at 305. In 1993, an agreement was entered in the course of a worldwide sale of the business and consequent reorganization which provided, *inter alia*, for the assignment of the Havana Club Registration from Cubaexport to HRL, and then from HRL to

[1] As the Board is well aware, there has been much civil court and other litigation related to this proceeding, and we cite to decisions of the courts throughout this brief as support for many relevant facts. We note in this respect that the U.S. District Court for the Southern District of New York, the Commissioner of the Patent and Trademark Office and the United States Court of Appeals for the Federal Circuit each previously refused Bacardi's request to cancel the Havana Club Registration following consideration of Bacardi's very same argument that the registration should be canceled for wrong-party renewal. *See infra.* Bacardi's pending summary judgment motion must be denied not only for the reasons set forth in this memorandum, but because it cannot be permitted to approach yet a fourth forum (the Board) for a fourth bite of the very same, by now well-chewed, apple.

HCH. *Id.* at 305-306. Such assignments were effectuated and recorded with the PTO in 1994. *See* PTO Assignment Reel 1104, Frame 0046 (Cubaexport to HRL) and Reel 1219, Frame 0428 (HRL to HCH).

On November 13, 1995, OFAC issued License No. C-18147 (the "Specific License"), by which the U.S. government specifically approved and ratified the assignments *nunc pro tunc*, and authorized all necessary transactions incident to the assignments of the mark and registration. *Havana Club Holding*, 974 F. Supp. at 306.

B. The Havana Club Registration is Renewed by HCH

On January 18, 1996, HCH filed with the PTO an application to renew the Havana Club Registration (within the renewal period which ran from January 27, 1995 through January 27, 1996). *See* declaration of Luis Perdomo Hernandez dated June 6, 1997 (hereafter cited as "Perdomo Decl.") at ¶ 21 & Exh. C.[2] HCH filed the renewal application in complete good faith, reasonably believing that it then owned the registration, based on, among other considerations, the then-existing Specific License issued by OFAC, and HCH's understanding of U.S. obligations under the Paris and Inter-American trademark conventions. *See, e.g.*, Perdomo Decl. at ¶¶ 18 & 22. In June 1996, the PTO accepted the renewal papers filed by HCH, and granted renewal of the Havana Club Registration for an additional ten year term which has not yet expired. *Id.*; *Havana Club Holding, S.A. v. Galleon S.A.*, 961 F. Supp. 498, 503 (S.D.N.Y. 1997).

[2] A true and correct copy of the Perdomo Declaration is annexed to the accompanying declaration of Charles S. Sims dated May 30, 2003 ("Sims Decl.") at Exh. A. Mr. Perdomo was vice-president of HCH at the time of the renewal and submitted the June 6, 1997 declaration in opposition to Bacardi's motion for partial summary judgment in the now-terminated related civil court litigation. In the declaration, Mr. Perdomo recounts, *inter alia*, the rationale underlying HCH's reasonable and good-faith belief that HCH owned and was the proper entity to renew the Havana Club Registration.

C. The Havana Club Registration is Returned to Cubaexport

On April 17, 1997 — more than 1 year after the renewal period for the Havana Club Registration had closed — OFAC revoked the Specific License retroactive to its date of issuance. *Havana Club Holding*, 974 F. Supp. at 306.[3] Even in the absence of that specific license, however, HCH continued to believe that the assignments of the registration from Cubaexport to HRL and then from HRL to HCH had remained valid and effective under U.S. law, in light of a "general license" that existed within the Cuban Assets Control Regulations ("CACR"), 31 C.F.R. 515.527, authorizing transactions involving Cuban nationals relating to registration and renewal of intellectual property. *Id.* ("The CACR creates both general licenses, which permit classes or categories of transactions with Cuban nationals, . . . and specific licenses, which require individualized determinations and approval by OFAC."). Four months later, by decision dated August 12, 1997, however, the federal district court ruled that such general license was inapplicable to the transactions at issue. *Id.* at 306-310.

In its August 12, 1997 decision, the federal district court ruled that the assignments of the Havana Club Registration from Cubaexport to HRL and from HRL to HCH were void for the absence of a general or specific license. *Id.* at 310-312. The court then expressly denied, however, Bacardi's request that the Havana Club Registration be canceled. *Id.* The court instead ruled Cubaexport was "restored as the owner of the registration." *Id.* at 311; *see also id.* at 312 ("[Bacardi's] petition to cancel the registration is denied, and all rights to the registration revert to Cubaexport.").

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[3] OFAC specified no ground for the revocation, and did not revoke the license on the ground of fraud on OFAC as Bacardi has repeatedly, baselessly, and unsuccessfully suggested in prior proceedings. *See, e.g., Havana Club Holding*, 974 F. Supp. at 306. The federal district court, moreover, has ruled that issuance or revocation of licenses by OFAC, and/or reasons therefor, are unreviewable as a matter of law, and that courts may not delve into finding reasons for OFAC's actions which OFAC has not itself volunteered. *Havana Club Holding, S.A.*, 961 F. Supp. at 503-506.

On October 20, 1997, the federal district court entered a partial judgment to implement the terms of the August 12, 1997 decision (the "Partial Judgment"). The Partial Judgment (a copy of which is at Exhibit A of Bacardi's moving papers) included a certification to the Commissioner of Patents and Trademarks (the "Commissioner") which, in accordance with Section 37 of the Lanham Act, 15 U.S.C. §1119, ordered the Commissioner to rectify the U.S. trademark register to reflect the court's decision invalidating the trademark assignments from Cubaexport to HRL and from HRL to HCH, and restoring Cubaexport as the owner of the Havana Club Registration. The operation and enforcement of the Partial Judgment was stayed pending appeal from final judgment in the district court action. (Bacardi Br. Exh. A at ¶ 12)

On October 27, 2001, following lift of the stay of the Partial Judgment, the Acting Director of the PTO issued an order directing the parties to the federal litigation, including Bacardi, to show cause why the records of the PTO should not be rectified to reflect the district court's order restoring Cubaexport as the owner of the Havana Club Registration. *See* accompanying Sims Decl. at Exh. B (copy of order). Bacardi responded by filing a 22 page memorandum of law (copy at Sims Decl. Exh. C) in which Bacardi argued that the district court's order *required* the PTO to invalidate the assignments and to cancel the Havana Club Registration, on the ground that it had been renewed by HCH rather than Cubaexport. By formal notice dated January 15, 2002 (copy at Sims Decl. Exh. D), Commissioner Anne Chasser denied Bacardi's request that the Havana Club Registration be canceled for the alleged wrong-party renewal, and instead revised the PTO's records so as to invalidate the assignments and restore Cubaexport as owner of the Havana Club Registration.

Bacardi thereafter appealed Commissioner Chasser's decision to the United States Court of Appeals for the Federal Circuit, yet again seeking cancellation of the Havana Club Registration for an alleged wrong-party renewal. The appeal was dismissed. (Sims Decl. ¶6).

The federal district court, in revesting Cubaexport with ownership of the Havana Club Registration, recognized that Cubaexport had "a significant business interest in maintaining the registration" and, toward that end, suggested that it reform its business agreements with HCH. *Havana Club Holding*, 974 F. Supp. at 312.[4] Cubaexport and HCH did so by written agreement dated March 19, 2002 (copy at Sims Decl. Exh. E) which provides, *inter alia*, as follows:

> The parties [including Cubaexport, HRL and HCH] mutually agree that it has been since 1993, and remains, the intention of every party that U.S. trademark registration No. 1,031,651 for the HAVANA CLUB mark be maintained in good standing by its lawful owner; and accordingly that, in view of the judgments of the District Court and Court of Appeals, the renewal of that registration undertaken in 1996 was, and should be considered to have been, undertaken by and for the benefit of Cubaexport.

Id. at ¶7.

D. Bacardi's Petition to Cancel, and its Pending Motion for Summary Judgment

On July 12, 1995, Bacardi filed its petition to cancel the Havana Club Registration, naming HCH as respondent. On August 18, 1996, Bacardi filed an amended petition to cancel, again naming HCH as respondent. (Sims Decl. ¶8) By order dated March 17, 1997, the Board suspended this proceeding pending the outcome of the above-noted district court litigation. (*Id.*)

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[4] Explaining its reasoning, the district court held (974 F. Supp. at 312): "Cubaexport has a significant business interest in maintaining the registration of its mark. It may reform its agreement with Plaintiffs so that it is once again the company entitled to export the rum under the Havana Club mark after the embargo is lifted. Or, it may seek to renegotiate the assignment of the mark to Plaintiffs after Plaintiffs restructure their corporate organization to comply with the provisions of the CACR. Such opportunities would clearly be impaired if this Court granted Defendants' petition to cancel Cubaexport's registration."

On or about March 15, 2002, Bacardi filed a motion to resume this proceeding, to substitute Cubaexport as respondent in this proceeding, and for summary judgment. (Sims Decl. ¶8) By order dated January 21, 2003, the Board joined Cubaexport as a respondent to this proceeding (in lieu of substitution), and resumed this proceeding for the limited purpose of considering Bacardi's pending motion for summary judgment. (*Id.*)

Bacardi's motion for summary judgment is predicated in its entirety on the argument that the Havana Club Registration should be canceled because it was renewed during the 1996 renewal period by HCH rather than Cubaexport. *See, e.g.* Bacardi Br. at i (Bacardi's table of contents: "Argument B: Summary Judgment Is Warranted And The USPTO Must Cancel The Extant U.S. HAVANA CLUB Registration As It Was Not Renewed By Cubaexport Prior To The Expiration Of The Statutory Renewal Period"); *see also id.* at 9-15 (ground for cancellation invoked is wrong party renewal).[5]

Argument

Bacardi commenced this proceeding on July 12, 1995, more than five years (and, in fact, more than 19 years) after issuance of the Havana Club Registration. As such, Bacardi may not challenge the registration on any ground except one set forth in Section 14(3) of the Lanham Act ("Section 14(3)").[6] *See, e.g., Park'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 197 (1985) ("Without regard to its incontestable status, a mark that has been registered five years is protected from cancellation except on the grounds stated in §§ 14[3] and [5].").[7] *See also, e.g.*,

[5] The only other heading in the Argument, Point A, addressed the Bacardi's motion to substitute Cubaexport for HCH.

[6] Prior to 1989, subsections of Section 14 were classified by number rather than letter; thus, current Section 14(3) formerly was referred to as Section 14(c). We use references to "14(3)" rather than "14(c)" throughout this memorandum, including within quotes from decisions rendered before 1989.

[7] Section 14(5) applies only in the context of certification marks and, thus, is inapplicable to this proceeding.

Strang Corp. v. The Stouffer Corp., 16 U.S.P.Q.2d 1309, 1311 (TTAB 1990) (Section 14(3) serves as "a five year time limit barring certain attacks on a registration" and "once a registration has been in existence for five years the grounds on which a cancellation action may be brought under Section 14 are limited regardless of whether Section 15 incontestability has been invoked"); *The Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 761 (C.C.P.A. 1982) (same).[8]

Bacardi's motion for summary judgment is predicated in its entirety on the argument that the Havana Club Registration should be canceled because it was renewed by HCH rather than Cubaexport. (Bacardi Br. at 9-15) The motion must be denied as a matter of law because wrong-party renewal is not a ground for cancellation under Section 14(3).

In *Treadwell's Drifters Inc. v. Marshak*, 18 U.S.P.Q.2d 1318 (TTAB 1990), the Board, with Judge Sams on the panel, denied a petitioner's motion for summary judgment grounded on the claim that the respondent's registration was void and subject to cancellation because the original applicants for the registration had assigned away their rights and did not own the mark at the time they applied for registration. The Board's holding is directly controlling here:

> While the parties have briefed the ownership issue and submitted evidence relative thereto, it would be a fruitless exercise to detail the respective arguments and supporting evidence. This is so because the Board is without authority to resolve the ownership question. The registration sought to be cancelled in this proceeding is over five years old. Under Section 14(3) of the Trademark Act, a registration existing for over five years may be cancelled only on the specific grounds enumerated therein, none of which involves ownership of the registered mark.

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[8] The plain language of the Lanham Act and innumerable cases, including those cited above, make clear that Section 14(3) limits the grounds of attack against a registration in existence for more than 5 years, whether or not such registration has become "incontestable" under Section 15 of the Lanham Act. Dicta to the contrary in *Brittingham v. Jenkins*, 914 F.2d 447, 455 (4th Cir. 1990), is inconsistent with the express terms of the Lanham Act and the above-cited U.S. Supreme Court precedent, pre-dates *Park 'N Fly*, never has been followed, and is not good law.

Id. at 1320. *See also, e.g., ABC Moving Co. Inc. v. Brown*, 218 U.S.P.Q. 336, 337-39 (TTAB 1983) (Sams, J. on panel) (Board denied petitioner's motion to amend its petition for cancellation to assert a claim that respondent was not the owner of the mark sought to be registered at the time respondent's application was filed because "the registration sought to be canceled was more than five years old at the time the petition for cancellation was filed [such that] said petitioner was limited to the grounds set forth in Section 14(3) of the Trademark Act; and . . . ownership of the mark was not one of the enumerated grounds;" further explaining that "even if petitioner's view was to be adopted by the Board in this case, and we were to agree that respondent's application should not have matured into a registration, we would be precluded from canceling the registration on this ground by virtue of Section 14(3) of the Act."); *Stocker and Perry v. General Conf. Corp. of Seventh-day Adventists*, 39 U.S.P.Q.2d 1385, n.9 (TTAB 1996) (same).

Bacardi's opening brief fails even to address Section 14(3), much less explain how Bacardi's motion can be granted in light of it. The only case discussed in Bacardi's brief (at 13-14), *In re Caldon Co. Ltd. P'ship.*, 37 U.S.P.Q.2d 1539 (PTO Commissioner 1995), arose in the context of an *ex parte* petition to the PTO Commissioner to revive a registration canceled by the post-registration division of the PTO. The decision is irrelevant because cancellation proceedings before the Board, unlike petitions to the PTO Commissioner, are expressly governed by Section 14 of the Lanham Act.

Cancellation of the Havana Club Registration would be not only contrary to law, but also wholly inequitable under the circumstances. As detailed above, HCH acted reasonably and in complete good faith in renewing the Havana Club Registration. In fact, *only* HCH could have renewed the Havana Club Registration during the renewal period: throughout the 1996 renewal period, HCH was the owner of the registration from the perspective of all concerned, including

without limitation (a) Cubaexport and HCH (both of which then reasonably believed the assignments from Cubaexport to HRL and from HRL to HCH to have been legally effective, based on, among other factors, the existence of the Specific License, the existence of a general license in the CACR, and respondents' understandings of U.S. obligations under the Paris and Inter-American conventions); (b) OFAC (which had granted the then-effective Specific License); and (c) the PTO (which processed and accepted without question the renewal papers filed by HCH).

In fact, during the renewal period, the PTO would have been obligated by law to reject any application to renew the Havana Club Registration filed by Cubaexport or any other person or entity other than HCH, because from the perspective of the PTO and all others concerned, it was HCH that then owned the registration. It was not until April 1997 — long after the renewal period for the Havana Club Registration had closed — that OFAC revoked the Specific License retroactive to its date of issuance; it was not until August 1997 that the federal district court ruled that the general license too was inapplicable to the transfers at issue; and it was not until October 1997 that the court directed the PTO to void the assignments, revest Cubaexport with ownership of the Havana Club Registration, and retroactively deem Cubaexport as the owner of the registration at all times since issuance of the registration in 1976.

Discussion relating to which entity should have renewed the Havana Club Registration, as between HCH and Cubaexport, however, is in all events academic, for at least two independent reasons. First, the question is irrelevant in light of Section 14(3).

Second, respondents, at the express suggestion of the federal district court, reformed their business arrangement so as to be clear that the renewal of the registration "was, and should be considered to have been, undertaken by and for the benefit of Cubaexport." *Havana Club*

Holding, 974 F. Supp. at 312; Sims Decl. Exh. E; *see supra* at 7. Respondents' intention and agreement in this respect, like their undisputed objective to have maintained the Havana Club Registration at all times since 1973 so as to be in position to use the mark in the United States upon the end of the Cuban embargo, should be honored.

Conclusion

For the reasons set forth above, as well as those set forth in Cubaexport's separately filed memorandum of law in opposition to petitioners' motion for summary judgment, Bacardi's motion for summary judgment must be denied.[9]

May 30, 2003
New York, New York

Respectfully Submitted,

PROSKAUER ROSE LLP

By: _____
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Attorneys for Respondent
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[9] Cubaexport's arguments, if and to the extent not raised herein, are hereby adopted and incorporated herein by reference.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing (RESPONDENT HAVANA CLUB HOLDINGS, S.A.'S MEMORANDUM OF LAW IN OPPOSITION TO PETITIONERS' MOTION FOR SUMMARY JUDGMENT) was served by hand, this 30th day of May, 2003, upon:

1. William R. Golden, Jr., Kelley Drye & Warren LLP, 101 Park Avenue, New York, New York, 10178 (attorneys for petitioners); and

2. Herbert F. Schwartz, Fish & Neave, 11251 Avenue of the Americas, New York, New York, 10020 (attorneys for respondent Cubaexport).

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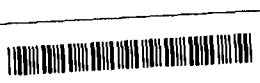

06-02-2003
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Re: Bacardi & Company Ltd. v. Havana Club Holdings, S.A.
Cancellation No. 24,108

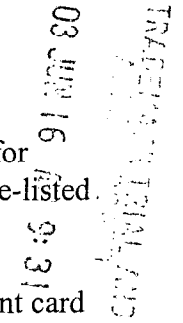
To Whom It May Concern:

Enclosed for filing in connection with the above-referenced matter please find:

1. Havana Club Holdings, S.A.'s Memorandum Of Law In Opposition To Petitioner's Motion For Summary Judgement;

2. Declaration Of Charles S. Sims, with exhibits; and

3. Certificate of Service reflecting service of the foregoing papers upon attorneys for petitioners and attorneys for respondent (attached at the end of each of the above-listed documents).



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Respectfully submitted,

Stephen R. Dwyer

Enclosures

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